



MEMORANDUM

To: CMAP Board

From: CMAP Staff

Date: April 2, 2014

Re: Strategic Planning: Funding

In February, the Board had a strategic planning and visioning discussion about several broad areas: Funding, the Next Regional Plan, Local Technical Assistance, Board Structure and Legislative Outreach and Analysis. This memo recommends strategies to address the funding issues as discussed at the February meeting.

Background

When the CMAP enabling legislation was enacted, it was to streamline and consolidate regional planning “in order to plan for the most effective public and private investments in the northeastern Illinois region and to better integrate plans for land use and transportation.” The funding for CMAP was identified to come from traditional sources of funds, such as the federal U.S. DOT MPO grants, as well as non-traditional federal funds consistent with the broader mission. The Act also allowed CMAP to receive fees for services and grants from nongovernmental agencies as other sources of funding support. No specific funding was in the enabling legislation. During the 2007 legislative session, legislators expressed that there should be regional financial support for CMAP.

In the 2007 legislative session, the Comprehensive Regional Planning Fund (CRPF) was created with \$5 million annually from the general revenue fund. The distribution of the fund was 70% to CMAP (\$3.5 million), 25% to other MPO’s (\$1.25 million) and 5% to the State’s Rural Planning Agencies (\$250,000). In 2010 the CRPF was not funded and was subsequently dissolved. Since that time, the Governor’s budget has allocated state transportation funds to CMAP in lieu of funding for the CRPF. The funds CMAP receives are used for the required match of the U.S. DOT grants and other transportation projects.

The current financial structure for CMAP creates the following major challenges for funding stability:

- The major part of CMAP revenue (\$15,416,500, or 94% of the total budget) is from transportation sources. This limits CMAP's ability to support activities that are not transportation related.
- The financial support of \$3,500,000 from IDOT has been received annually since the CRPF was dissolved (this support is also identified in the total transportation related activities identified above). IDOT is also responsible for processing and transferring the federal MPO funds to CMAP. At times, IDOT has delayed transferring the state and federal funds to CMAP which causes an uncertainty to CMAP and its vendors. At the recent federal certification meetings, FHWA questioned the reliability of funding from IDOT.
- A structure for voluntary contribution was developed to provide for regional financial support. NIPC and CATS had voluntary contributions which totaled over \$1 million. CMAP structured its contributions at a lower level of \$375,000. Even though there is wide regional support for CMAP and its activities, only \$250,000 of the requested annual contributions are received. The level of contributions is not sufficient or reliable enough to provide for the federal grant match or other planning activities.
- Minimal financial support is provided by IEPA for CMAP's water quality activities at approximately \$180,000 annually and by IDNR for the water planning activities with a recently approved two-year grant of \$250,000. The funding is not predictable as to timing or to sufficient to support these activities.
- In 2010 a \$4.25 million grant was received by U.S. HUD for support of the LTA program and in 2009 a \$25 million grant was received by U.S. DOE for support of energy efficiency. Both grants were completed this fiscal year.
- This current year three additional grants have been received totaling approximately \$500,000 for a two-year period. These grants generally support the LTA program, which is primarily funded through UWP funds.

Recommended Strategies

The Board has stated that its goal is to have a sustainable and reliable funding source for all of CMAP's comprehensive planning responsibilities. Staff has reviewed options and developed short and long-term strategies as described below.

Short-Term Strategy: To address CMAP's need for stable, sustainable funding, the highest priority should be to pursue legislation that would use the RTA's taxing authority to institute a **.15% increase to the existing sales tax**. This increase would raise approximately \$150 million annually of which \$10 million would be to meet CMAP's funding needs, including an enhanced Local Technical Assistance program focused on plan implementation with priority given to disadvantaged communities in the region. This strategy would also provide approximately \$140 million each year to finance capital projects within the six-county RTA service area that are consistent with and help implement the GO TO 2040 plan.

Capital projects would be selected by CMAP through a rigorous proposal review process, emphasizing performance-based programming. All units of government within the RTA service area would be eligible to apply for the competitive grants.

Short-term actions by CMAP include:

1. **April to December 2014:** Work with partners to build a strong coalition in support of the effort and to support passage of the bill. Including, drafting legislation to amend Regional Transportation Authority Act (70 ILCS 3615) to establish a stable, sustainable source of revenue for purposes as outlined in CMAP's enabling legislation.
2. **Spring 2015:** Once the legislation passes, the RTA Board must adopt an ordinance imposing the tax throughout the region.
3. **July 2015:** Once the revenue begins to accrue, CMAP should discontinue the current IDOT annual contract of \$3,500,000 for federal grant match and other activities and discontinue the agency's annual request for regional contributions of \$375,000 from transportation partners and local governments.

Contingent Strategy: Due to the challenges of achieving a legislative solution, CMAP must also actively consider other short-term alternatives that would be pursued in FY 2016 if made necessary by the lack of a favorable outcome in the General Assembly. These non-legislative contingencies are not mutually exclusive and include:

- Increasing the amount of regional contributions from \$375,000 to over \$2.5 million.
- Recouping overhead charges from recipients of CMAP-administered grants (such as the LTA and CMAQ programs).
- Transferring \$5 million from RTA, possibly along with its planning activities.
- Other alternatives to be identified based on suitability of existing revenues within the region.

Because none of these alternatives ideally meets the criteria of stability and sustainability -- and because they do not involve new revenues for the region -- CMAP and its partners should be highly supportive of the preferred legislative solution.

Long-Term Strategies: Regional planning is chronically under-funded in metropolitan Chicago, in Illinois, and in the U.S. as a whole. CMAP should work with its partners at the regional, state, and national levels to promote the creation of programs that would support comprehensive planning with predictable revenues that would not require recipients -- Metropolitan Planning Organizations and such other regional entities -- to continually submit proposals for support of what are predictable costs of the activities associated with comprehensive planning.

Over the next several years, CMAP's long-term actions should include:

1. Develop programs with State agencies to support regional comprehensive planning activities.

- a. Illinois Department of Transportation
- b. Illinois Environmental Protection Agency
- c. Illinois Department of Natural Resources
- d. Illinois Department of Commerce and Economic Opportunity
- e. Illinois State Toll Highway Authority
- f. Illinois Housing Development Authority

2. Create sustainable federal programs for comprehensive planning agencies.

Coordinate with National Association of Regional Councils (NARC) to create federal programs to support comprehensive planning activities that include housing, environment, economic development, etc., similar to the planning program administered by the U.S. Department of Transportation.

3. Consolidate regional planning activities.

Determine if regional efficiencies would be obtained with consolidation of all regional transportation planning activities.

- a. Illinois Department of Transportation
- b. Illinois State Toll Highway Authority
- c. Regional Transportation Authority
- d. Transit Service Boards
- e. CMAP

4. Seek funding opportunities and cultivate relationships with funders.

Identify potential funds (government and philanthropic) that would fund activities that are consistent with CMAP priorities.

It is recommended that the Board direct the staff to develop a full strategy for the legislative option described in the "Short-Term Strategy" for discussion and action at the May 14 Board meeting.

ACTION REQUESTED: Discussion and provide direction to staff

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